



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

December 15, 2015

Dr. Paul Clore
Superintendent
Gregory-Portland ISD
608 College St.
Portland, Texas 78374

Dear Superintendent Clore:

On Sept. 30, 2015, the Comptroller issued written notice that Apex Midway Wind, LLC (the applicant) submitted a completed application (Application #1091) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on July 28, 2015, to the Gregory Portland Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has requested a waiver for the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1091.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of Sept. 30, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarize the Comptroller’s economic impact analysis of Apex Midway Wind, LLC (the project) applying to Gregory Portland Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Apex Midway Wind, LLC.

Applicant	Apex Midway Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Wind
School District	Gregory Portland ISD
Estimated 2014-2015 Average Daily Attendance	4,294
County	San Patricio
Proposed Total Investment in District	\$240,000,000
Proposed Qualified Investment	\$240,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant*	1
Number of new non-qualifying jobs estimated by applicant	4
Average weekly wage of qualifying jobs committed to by applicant	\$1,105
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,105
Minimum annual wage committed to by applicant for qualified jobs	\$57,464
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$240,000,000
Estimated M&O levy without any limit (15 years)	\$26,885,325
Estimated M&O levy with Limitation (15 years)	\$9,882,148
Estimated gross M&O tax benefit (15 years)	\$17,003,177
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of Apex Midway Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	82	85	167	\$3,690,000	\$7,295,575	\$10,985,575
2017	5	19	24	\$242,532	\$2,096,596	\$2,339,128
2018	5	20	25	\$242,532	\$2,169,605	\$2,412,137
2019	5	19	24	\$242,532	\$2,150,471	\$2,393,003
2020	5	18	23	\$242,532	\$2,129,754	\$2,372,286
2021	5	17	22	\$242,532	\$2,112,611	\$2,355,143
2022	5	16	21	\$242,532	\$2,100,536	\$2,343,068
2023	5	15	20	\$242,532	\$2,071,377	\$2,313,909
2024	5	14	19	\$242,532	\$2,040,602	\$2,283,134
2025	5	14	19	\$242,532	\$2,026,183	\$2,268,715
2026	5	13	18	\$242,532	\$2,012,232	\$2,254,764
2027	5	9	14	\$242,532	\$1,631,449	\$1,873,981
2028	5	8	13	\$242,532	\$1,437,704	\$1,680,236
2029	5	7	12	\$242,532	\$1,294,280	\$1,536,812
2030	5	6	11	\$242,532	\$1,195,486	\$1,438,018
2031	5	5	10	\$242,532	\$1,136,361	\$1,378,893

Source: CPA, REMI, Apex Midway Wind, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Gregory-Portland ISD I&S Levy	Gregory-Portland ISD M&O Levy	Gregory-Portland ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio County Drainage District Tax Levy	Estimated Total Property Taxes
				0.18	1.17		0.51	0.06	
2017	\$228,000,000	\$228,000,000		\$410,400	\$2,667,600	\$3,078,000	\$1,162,800	\$136,800	\$4,377,600
2018	\$214,320,000	\$214,320,000		\$385,776	\$2,507,544	\$2,893,320	\$1,093,032	\$128,592	\$4,114,944
2019	\$201,461,000	\$201,461,000		\$362,630	\$2,357,094	\$2,719,724	\$1,027,451	\$120,877	\$3,868,051
2020	\$189,373,000	\$189,373,000		\$340,871	\$2,215,664	\$2,556,536	\$965,802	\$113,624	\$3,635,962
2021	\$178,011,000	\$178,011,000		\$320,420	\$2,082,729	\$2,403,149	\$907,856	\$106,807	\$3,417,811
2022	\$167,330,000	\$167,330,000		\$301,194	\$1,957,761	\$2,258,955	\$853,383	\$100,398	\$3,212,736
2023	\$157,290,000	\$157,290,000		\$283,122	\$1,840,293	\$2,123,415	\$802,179	\$94,374	\$3,019,968
2024	\$147,853,000	\$147,853,000		\$266,135	\$1,729,880	\$1,996,016	\$754,050	\$88,712	\$2,838,778
2025	\$138,982,000	\$138,982,000		\$250,168	\$1,626,089	\$1,876,257	\$708,808	\$83,389	\$2,668,454
2026	\$130,643,000	\$130,643,000		\$235,157	\$1,528,523	\$1,763,681	\$666,279	\$78,386	\$2,508,346
2027	\$122,804,000	\$122,804,000		\$221,047	\$1,436,807	\$1,657,854	\$626,300	\$73,682	\$2,357,837
2028	\$115,436,000	\$115,436,000		\$207,785	\$1,350,601	\$1,558,386	\$588,724	\$69,262	\$2,216,371
2029	\$108,510,000	\$108,510,000		\$195,318	\$1,269,567	\$1,464,885	\$553,401	\$65,106	\$2,083,392
2030	\$101,999,000	\$101,999,000		\$183,598	\$1,193,388	\$1,376,987	\$520,195	\$61,199	\$1,958,381
2031	\$95,879,000	\$95,879,000		\$172,582	\$1,121,784	\$1,294,367	\$488,983	\$57,527	\$1,840,877
			Total	\$4,136,204	\$26,885,325	\$31,021,529	\$11,719,244	\$1,378,735	\$44,119,507

Source: CPA, Apex Midway Wind, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and San Patricio County, with all property tax incentives sought being granted using estimated market value from the application. The project

has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county and the drainage district.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Gregory-Portland ISD I&S Levy	Gregory-Portland ISD M&O Levy	Gregory-Portland ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio County Drainage District Tax Levy	Estimated Total Property Taxes
				0.18	1.17		0.51	0.06	
2017	\$228,000,000	\$30,000,000		\$410,400	\$351,000	\$761,400	\$0	\$0	\$761,400
2018	\$214,320,000	\$30,000,000		\$385,776	\$351,000	\$736,776	\$0	\$0	\$736,776
2019	\$201,461,000	\$30,000,000		\$362,630	\$351,000	\$713,630	\$0	\$0	\$713,630
2020	\$189,373,000	\$30,000,000		\$340,871	\$351,000	\$691,871	\$96,580	\$11,362	\$799,814
2021	\$178,011,000	\$30,000,000		\$320,420	\$351,000	\$671,420	\$90,786	\$10,681	\$772,886
2022	\$167,330,000	\$30,000,000		\$301,194	\$351,000	\$652,194	\$341,353	\$40,159	\$1,033,706
2023	\$157,290,000	\$30,000,000		\$283,122	\$351,000	\$634,122	\$320,872	\$37,750	\$992,743
2024	\$147,853,000	\$30,000,000		\$266,135	\$351,000	\$617,135	\$452,430	\$53,227	\$1,122,793
2025	\$138,982,000	\$30,000,000		\$250,168	\$351,000	\$601,168	\$425,285	\$50,034	\$1,076,486
2026	\$130,643,000	\$30,000,000		\$235,157	\$351,000	\$586,157	\$666,279	\$78,386	\$1,330,823
2027	\$122,804,000	\$122,804,000		\$221,047	\$1,436,807	\$1,657,854	\$626,300	\$73,682	\$2,357,837
2028	\$115,436,000	\$115,436,000		\$207,785	\$1,350,601	\$1,558,386	\$588,724	\$69,262	\$2,216,371
2029	\$108,510,000	\$108,510,000		\$195,318	\$1,269,567	\$1,464,885	\$553,401	\$65,106	\$2,083,392
2030	\$101,999,000	\$101,999,000		\$183,598	\$1,193,388	\$1,376,987	\$520,195	\$61,199	\$1,958,381
2031	\$95,879,000	\$95,879,000		\$172,582	\$1,121,784	\$1,294,367	\$488,983	\$57,527	\$1,840,877
			Total	\$4,136,204	\$9,882,148	\$14,018,351	\$5,171,188	\$608,375	\$19,797,914
			Diff	\$0	\$17,003,177	\$17,003,177	\$6,548,056	\$770,360	\$24,321,593

Source: CPA, Apex Midway Wind, LLC

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that Apex Midway Wind, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$351,000	\$351,000	\$2,316,600	\$2,316,600
	2018	\$351,000	\$702,000	\$2,156,544	\$4,473,144
	2019	\$351,000	\$1,053,000	\$2,006,094	\$6,479,238
	2020	\$351,000	\$1,404,000	\$1,864,664	\$8,343,902
	2021	\$351,000	\$1,755,000	\$1,731,729	\$10,075,631
	2022	\$351,000	\$2,106,000	\$1,606,761	\$11,682,392
	2023	\$351,000	\$2,457,000	\$1,489,293	\$13,171,685
	2024	\$351,000	\$2,808,000	\$1,378,880	\$14,550,565
	2025	\$351,000	\$3,159,000	\$1,275,089	\$15,825,654
	2026	\$351,000	\$3,510,000	\$1,177,523	\$17,003,177
Maintain Viable Presence (5 Years)	2027	\$1,436,807	\$4,946,807	\$0	\$17,003,177
	2028	\$1,350,601	\$6,297,408	\$0	\$17,003,177
	2029	\$1,269,567	\$7,566,975	\$0	\$17,003,177
	2030	\$1,193,388	\$8,760,363	\$0	\$17,003,177
	2031	\$1,121,784	\$9,882,148	\$0	\$17,003,177
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$1,054,474	\$10,936,622	\$0	\$17,003,177
	2033	\$991,201	\$11,927,822	\$0	\$17,003,177
	2034	\$931,730	\$12,859,552	\$0	\$17,003,177
	2035	\$875,827	\$13,735,379	\$0	\$17,003,177
	2036	\$823,282	\$14,558,661	\$0	\$17,003,177
	2037	\$773,885	\$15,332,546	\$0	\$17,003,177
	2038	\$727,448	\$16,059,993	\$0	\$17,003,177
	2039	\$683,807	\$16,743,800	\$0	\$17,003,177
	2040	\$642,775	\$17,386,574	\$0	\$17,003,177
	2041	\$604,211	\$17,990,786	\$0	\$17,003,177
		\$17,990,786	is greater than	\$17,003,177	
Analysis Summary					
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

Source: CPA, Apex Midway Wind, LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Apex Midway Wind, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, it has leased the land upon which the project will be constructed.
- Per the applicant, no contracts for the sale of the power have been executed.
- Per the applicant, the applicant has made no investment to date on the project site.
- Per the applicant, no construction has commenced at the project site.
- The applicant has a number of similar projects in other states, and appears to have a clear ability to build in other locations.
- Per the applicant, Chapter 313 limitation is a necessary part of the economic analysis for investment in Texas, where the power market is very competitive and practically all of its competitors have Chapter 313 value limitation agreements.
- Per the applicant, without the Chapter 313 value limitation, siting the project in San Patricio County is significantly less attractive.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements <input checked="" type="checkbox"/> *	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

TAB 5

Documentation to assist in determining if limitation is a determining factor.

Apex Clean Energy, Inc. is a leading U.S. - based developer of commercial-scale wind and solar energy facilities in North America. With a team of some of the most experienced renewable energy professionals in the industry, it has built a strong reputation for responsible development and quality projects constructed to the highest industry standards.

Prior to the formation of Apex, the management team had collectively developed, financed, constructed and managed more than \$10 billion in operating renewable energy facilities totaling nearly 10,000 megawatts of capacity. Its people have a proven track record working with communities and landowners to develop state-of-the-art facilities that produce jobs, income to landowners, revenue for local government, and clean sources of domestic energy.

Apex was formed in 2009 by a management team with extensive renewable energy experience. In 2000, the team created Greenlight Energy, Inc. Six years later, they had developed \$750 million of facilities that are now in commercial operations, with a combined generating capacity of 450 MW. Following BP Alternative Energy's acquisition of the company in 2006, the team formed Greenlight Energy Resources to reinvest in the clean energy industry.

In December 2012, Apex completed construction of the 300 MW Canadian Hills Wind project in Oklahoma. Earlier that year, commercial operation of Apex's solar facilities in Colorado commenced. The company is now developing several thousand megawatts of wind and solar projects around the country.

Thanks to a dynamic team of over 70 talented and experienced professionals, Apex has the ability to locate and develop wind farms in numerous locations throughout the United States.

Apex has leased the land for the Midway project. However, a final investment decision has not been reached and no contracts for the sale of power have been executed.

The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas. The power generation market is very

Apex Midway Wind, LLC
Chapter 313 Application to Gregory-Portland ISD
Cummings Westlake, LLC

competitive and practically all of Apex's Texas competitors have Chapter 313 value limitation agreements. Without the Chapter 313 value limitation, siting the project in San Patricio County is significantly less attractive.

The Apex Midway Wind project is in direct competition for internal capital expenditures with projects in the following locations:

- Henry and Rush Counties, Indiana
- Beckham County, Oklahoma
- Beaver County, Oklahoma
- Yuma, County, Colorado

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